



Minutes of the Board Meeting held on Tuesday 14<sup>th</sup> July 2009 at 4pm at Link House, 2c New Mart Road, Edinburgh.

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Present: Mr P Foreman (Chairman)  
Mr E Banks  
Mr C Macneill  
Mr A Colston  
Mr R Shorter  
Mr D McMillan  
Mr J O'Neill  
Mr D Esslemont  
Mr B Reidford  
Mr T Clark

In attendance: Mr C Sanderson  
Mr N Hall  
Ms E Johnston  
Mr J Pollock  
Ms W Barrett  
Ms P Boniface (Minutes)

Observer: Cllr D Wilson

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## **BUSINESS**

The Chairman welcomed Councillor David Wilson who was attending the board meeting as an observer and kindly thanked him for taking the time to attend.

**Action**

### **1. DECLARATIONS OF INTEREST**

None

### **2. APOLOGIES**

Apologies were received from Mr Robertson and Mr Hinton.

### **3. APPROVAL OF THE MINUTES OF THE MEETING HELD ON 9<sup>th</sup> JUNE 2009**

The minutes of the meeting held on June 9<sup>th</sup> 2009 were approved:

Moved: Mr Banks  
Seconded: Mr Colston

### **4. MATTERS ARISING FROM THE MINUTES OF THE MEETING HELD ON 9<sup>th</sup> JUNE 2009**

#### **4.1 Millarston Drive Paisley**

CONFIDENTIAL

## 4.2 LinkLiving/The Action Group

Mr Sanderson advised that by mutual agreement, Link Group and The Action Group had suspended discussions about the proposed merger of the latter with LinkLiving, for a period of at least 3 months. Mr Sanderson confirmed that a joint statement would be issued soon. CS

## 4.3 Five Year Financial Projections

The Board were noted that The Five Year Financial Projections had been submitted to the Scottish Housing Regulator and copied to the Royal Bank of Scotland.

## 4.4 Annual Performance and Statistical Return (APSR)

The Board noted that the updated information (with regard to one Board Member's positions of public responsibility) had now been forwarded to the Scottish Housing Regulator to amend the APSR.

## 4.5 Social Enterprise Clydebank

*The Board noted that the gifts presented to the two members of Link staff were personal and engraved and, although valued at a level higher than allowed under the Gifts and Hospitality Policy, the Board approved their acceptance.*

## 4.6 Any Other Matters Arising

There were no other matters arising.

## 5. ANNUAL ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2009

### 5.1 Internal Financial Control Statement

Mr Hall advised that the Audit Committee had reviewed the Internal Financial Control Statement and recommended it to the Board for approval.

Mr Hall confirmed that the recommendations made by the internal auditors with regard to the Business Continuity Strategy were substantially complete and as such the strategy was operational.

*The Board approved the Internal Financial Control Statement.*

### 5.2 Link Group Limited Report and Accounts for the year ended March 31 2009

Mr Hall confirmed that the Audit Committee had discussed the accounts in detail. The Committee had drawn attention to the following matters:

- The change in the statement of Recommended Practice 2008 with regard to accounting for the sales of the first tranche of shared ownership properties was a change in accounting policy. As such accounting standards require prior years to be re-stated. The cumulative losses over the five years prior to 2008/09 were however not material and the auditors had agreed that there was no need to

re-state the previous years reported surpluses.

The level of rental bad debts in 2009 was a better reflection of the trend over the years and that the comparative figure for June 2008 was unusually low.

- The abortive development cost arising because of the refusal of detailed planning consent at Mayfield Drive, Denny required to be written off in the 2009 accounts. A detailed report on the background and circumstances would be provided to the Board given the scale of the write-off (£84,000). JNH
- There had been a prudent approach taken with regard to the number of unsold shared equity properties at March 2009. The stock of properties had been written down to the anticipated realisable values (which were less than the purchase prices) and this had produced a loss on shared equity sales of £127,000. Link expected to recover this from the Scottish Government, but because the grant offers had not specifically covered a reduction in sales values, it was considered that Link should not account for additional grant due.
- There increase in Reactive Maintenance costs was significant. Although there appeared to be a general increase in expenditure across categories of maintenance (void costs etc) the Committee noted that a detailed report would be provided to the Board at its September meeting. MBM

The accounting treatment applied to the new build properties at Dalmuir where £3.9M of the negative goodwill reserve had been used to write down the properties to their Existing Use Value. Consequently the annual amortisation of the reserve had ceased and the balance remaining on the reserve to offset future costs at Dalmuir was £0.9M

It was noted that a report on the further re-development of Dalmuir would be prepared and discussed at the Risk Management committee before being presented to the Group Board. CC/  
BH

***The Board approved the Link Group Limited Report and Accounts for the year ended March 31<sup>st</sup> 2009.***

Moved: Mr Banks  
Seconded: Mr Clark

### **5.3 Letter of Representation**

Mr Hall advised that the Audit Committee had reviewed the Letter of Representation and recommended it to the Board for approval.

Mr Hall confirmed that there had been no matters arising since the report was written which had any impact on the assurances given in the accompanying report.

***The Board approved that the Letter of Representation be signed by the same two Board Members signing the balance sheet, subject to inserting in the letter, a comma in statement 19 after the word "amount".***

## 5.4 External Audit Management Report

### 5.4.1 External Audit Interim Report 2009

The Board noted the previously circulated report.

### 5.4.2 External Audit Management Report 2009

***The Board considered the previously circulated report and accepted the recommendation of the Audit Committee to approve the Management Responses to the three Priority 3 recommendations.***

## 5.5 Audit Fee and Appointment

***The Board considered the recommendation from the Audit Committee and approved the Audit Fee for Link group (excluding VAT and Larkfield) for 2009 in the sum of £33,000. The Board also agreed to recommend to the Members at the Annual General Meeting that Scott-Moncrieff be re-appointed as Link's auditors.***

## 6. RISK MANAGEMENT UPDATE

Mr Foreman advised that the Risk Management Committee had been asked to consider a site acquisition at Granton Edinburgh. The site extended to 3.2 acres and could provide 65 flats above commercial properties on the ground floor. Although the Committee had not met to discuss the proposal the view of the Committee Members was that the planning ground floor commercial condition to provide properties with Class 4 consent was not acceptable.

The Board agreed with this and that negotiations to purchase the site would be dependent on the planning permission being changed to 100% residential. It was noted that although the indicative price for the site was £1.5m the District Valuer was still to value the site.

BH

## 7. APPOINTMENT OF SUBSIDIARIES CHAIRPERSONS

***The Board approved the appointments of Roy Stirrat as Chair of Linkwide and Link Homes and Angela Currie as Chair of Link Housing.***

CS

It was acknowledged Mr Stirrat does not have time to become a Group Board Member but Ms Currie had expressed interest and the Nominations Committee would consider this further.

## 8. LIFT SCHEME STAFF APPLICATION

***The Board considered the previously circulated report and approved the grant application made by the LIFT administrator. It was noted that the Scottish Housing Regulator had confirmed that the award of the grant was covered under one of the Special Exemptions (to Schedule 7 of the Housing (Scotland) Act 2001), as designated by the Regulator.***

Mr Sanderson confirmed that the application had been checked and verified by the LIFT Manager and the Director of Regeneration and Development to confirm that the staff member had no involvement in the decision-making process.

## 9. APPLICATION FOR MEMBERSHIP

The Board considered the previously circulated report.

The Board approved the applications for membership from:

Ms Clair Emily Ann Simpson

Mr Colin Duncan McGilvray, a Tenant from East Ayrshire

It was noted that it would be made clear to Ms Simpson that becoming a member of the Link Group did not mean she would be in a more advantageous position with regard to obtaining a Link property.

JNH

#### 10. GRANT OF TENANCY TO STAFF MEMBER

***The Board considered the previously circulated report and approved awarding a tenancy to the sister of a Link Housing Staff Member. The award was covered by the Special Exemption as referred to in Minute No.7 and it was noted that the report confirmed that the staff member had no involvement in the decision making process.***

***It was agreed that Link should carry out a review to ensure that it had in place robust, auditable processes to demonstrate that in the awarding of tenancies or approval of grant applications there was clear evidence that the Regulator's guidance had been followed.***

CC

#### 11. DRAFT HOUSING (SCOTLAND) BILL CONSULTATION

The Board welcomed the informative report and briefing paper.

The Board considered the main questions posed in the report and took the view that:

- A consensus would not be reached on the abolition, retention or alteration of the Right to Buy rules.
- There was no value in supporting a suspension of Right to Buy for a specific time period.
- It was difficult to support the appointment of the Regulator's Board by Ministers, on the basis of independence, although it was acknowledged this was widespread practice.
- Link would nevertheless, advocate clarity and transparency in the appointment and removal of the Regulator's Board Members.
- The proposal for the Regulator to charge fees for services was not favoured.
- The terminology used to describe "Social housing" was not considered important and focus should be on delivering more housing to people in need.
- It was unclear whether the proposal to develop a Scottish Social Housing Charter (SSHC) with tenants at the leading edge of policy development, would be supported by tenants.
- The SSHC should not have statutory force.
- The proposal to allow a wider range of bodies to become RSLs was not supported.
- The proposal for existing RSLs to have to re-register within 2 years of the Act coming into force was considered completely unnecessary and would create a significant workload, both for RSLs and the regulator.

Mr Pollock drew the Board's intention to the proposal in the Bill, which in effect would dispense with Schedule 7 and replace the current statutory requirements with a Code of Conduct.

All

The Board agreed that individual members would send any further comments to Mr Pollock by 31<sup>st</sup> July 2009 so that a response by Link could be produced for the Board's approval at the August meeting.

## 12. HORIZON

### 12.1 Business Case

The Board considered the previously circulated report.

Mr Pollock confirmed that Horizon's Committee had unanimously approved the Business Case and it had been submitted to the Regulator. It was noted that the due diligence had been completed and a report on the positive outcome will be reported to the Board at the August meeting.

JP

### 12.2 Rules

The Board considered and noted the proposed Rules which would establish Horizon as a subsidiary of Link. It was further noted that Horizon planned to hold a Special General Meeting in September (on the same day as its Annual General Meeting)

## 13. AFFORDABLE HOUSING INVESTMENT REFORM

Mr Sanderson delivered a presentation to the Board, covering the summary of responses to the consultation exercise and the recent Ministerial announcement that the concepts of "lead developers" and funding regions were not being implemented at this stage.

Mr Sanderson's power-point presentation forms part of this minute record.

**Councillor Wilson left the meeting at this point.**

## 14. FINANCE DEPARTMENT REPORT

The Board considered and noted the previously circulated report. Mr Hall confirmed that as Link had £5.8m in bank deposits no drawdown of the new loan facilities had been required.

## 15. EXECUTION OF LEGAL DOCUMENTS

The Board considered and noted the previously circulated report.

## 16. LINK GROUP LIMITED REGULATION PLAN 2009

The Board noted the previously circulated report. Ms Barrett confirmed that the Regulator would be in touch with Link for further information in due course.

**17. ANY OTHER BUSINESS**

**17.1 2014 Glasgow Commonwealth Games**

Mr Sanderson advised the Board that the consortium in which Link was a member had been unsuccessful in becoming preferred developer. It was noted that Glasgow City Council had said that it would decide which RSLs would provide the affordable rented housing.

**17.2 Link Giving**

Mr Sanderson reported that instead of a staff conference this year it had been agreed that staff would help different projects in local communities on Thursday 27<sup>th</sup> August. An evening event would take place in the Corn Exchange on Friday 28<sup>th</sup> August. These events are both open to all Board members to attend. A detailed programme of events will be issued shortly and if any members are interested in attending any of the events then can they confirm attendance with Ms Boniface. A report on the outcome of the projects will be available in September.

**HB/  
PB**

**18. DATE OF NEXT MEETING**

Tuesday 11th August 2009 at 4:00pm in the Sievewright Suite, 2c New Mart Road, Edinburgh.

The Meeting closed at 17:50 p.m.